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Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Report on the inspection of programme management and administrative practices in the Office for Drug Control and Crime Prevention

Note by the Secretary-General

1. Pursuant to General Assembly resolutions 48/218 B of 29 July 1994 and 54/244 of 23 December 1999, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the inspection of programme management and administrative practices in the Office for Drug Control and Crime Prevention.

2. The Secretary-General takes note of its findings and concurs with its recommendations and notes that measures are being taken to correct the issues addressed in the review.

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Report of the Office of Internal Oversight Services on the inspection of programme management and administrative practices in the Office for Drug Control and Crime Prevention

Summary

In February 2001, the Office of Internal Oversight Services (OIOS) carried out a review of programme management and administrative practices in the Office of Drug Control and Crime Prevention (ODCCP) in Vienna. The exercise included following up on recommendations of earlier in-depth evaluations of the drug control and crime prevention programmes as well as the 1997 review of programme management in the Crime Prevention and Criminal Justice Division.

OIOS recognized that the Executive Director brought to the helm of ODCCP a keen interest in the subject; his energetic efforts heightened the global visibility of the Office, raised its public profile and made it more action-oriented. However, from the outset of the inspection, a major concern that came to the fore was the highly centralized and arbitrary manner in which the Office was run by the Executive Director. The management style concentrated authority and decision-making in the Executive Director and his front office without sufficient checks and balances.

The role of ODCCP as a centre of expertise cannot be fulfilled without a free exchange of views, discussions and the involvement of staff in decision-making. However, at the time of the inspection, corporate mechanisms of collective advice and guidance and of programme and policy coordination were not functioning. Also lacking was a consistent system for programme oversight in the form of monitoring implementation and assessing results. Important programmatic and administrative decisions were taken with little or no consultation. Inordinate delays in approving projects, programmes and specific actions were common. The absence of clearly defined delegation of authority from the Executive Director to programme managers clouded accountability and paralysed decision-making during his absence from Vienna.

OIOS believes that the major strengths of ODCCP are clear mandates, its high priority on the intergovernmental policy agenda and its broad range of expertise in the mandated areas. Its main assets are a committed, resourceful and talented staff, a strong field presence and the combination of normative, analytical and technical cooperation functions within one organization. However, at the time of the inspection, staff morale in the Office was low. The staff believed that there was no transparency in management decisions, especially concerning personnel matters. While within some units a structured dialogue on work matters was maintained, overall staff-management communication was not in place.

Of particular concern was the view expressed to OIOS by some Member States, including both donors and recipients of services, that the poor management of the Office had affected the fulfilment of its mandates and the proper implementation of some projects.

At the end of the inspection, OIOS made it clear to the Executive Director that the management situation at ODCCP could not be allowed to continue. OIOS urged

the Executive Director and his senior managers to institute drastic and immediate change.

OIOS took note of a series of measures that had been taken since January to improve the situation by setting out procedures, spelling out areas of responsibility and delegating authority to appropriate levels. OIOS will closely monitor how the envisaged changes evolve and whether they will indeed take hold.

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I. Introduction

1. The United Nations Office for Drug Control and Crime Prevention (ODCCP) is an umbrella entity that includes the United Nations International Drug Control Programme (UNDCP) and the United Nations Centre for International Crime Prevention (CICP). ODCCP was conceived in 1997 as action 8 of the Secretary-General's programme for reform (see A/51/950, paras. 143-145), which also reconstituted the former Division for Crime Prevention and Criminal Justice as CICP. It was envisaged that synergies between the work of UNDCP and CICP would be enhanced, through, among other things, joint programmes on matters of common concern. A common managerial structure was put in place under the Executive Director, and the functions and organization of ODCCP were defined a year later (see ST/SGB/1998/17).

2. Around the time of the establishment of ODCCP, OIOS carried out in-depth evaluations of the United Nations drug control and crime prevention and criminal justice programmes (see E/AC.51/1998/2 and E/AC.51/1998/3), in addition to reviewing programme management in the Division for Crime Prevention and Criminal Justice (see A/52/777, annex). The related reports contained 47 recommendations aimed, inter alia, at strengthening strategic management; making collection, analysis and dissemination of information more effective; enhancing analytical work in support of policy development and implementation; establishing an effective system of assessing results and providing feedback; fostering synergies between the crime and drug programmes; and making the technical cooperation activities more focused and effective.

3. In January 2001, OIOS decided to conduct a review of programme management and administrative practices in ODCCP that would be the first following the creation of a common management structure. The current inspection followed up on earlier recommendations and took into account observations and recommendations made by the Board of Auditors in their reports to the General Assembly on the financial statements of the Fund of the United Nations International Drug Control Programme for the bienniums 1996-1997[1] and 1998-1999.[2] OIOS also gave due regard to information provided by ODCCP in the narrative of the proposed programme budget for 2000-2001 on actions taken to implement recommendations of OIOS and the Advisory Committee on Administrative and Budgetary Questions.[3] Relevant resolutions and decisions of the intergovernmental bodies concerned were also taken into account.

4. The OIOS team visited Vienna from 5 to 16 February 2001. Prior to the visit, OIOS had sent to 124 UNDCP managers and staff a 39-point questionnaire on a wide range of programmatic, managerial and administrative issues. Sixty-three written responses (51 per cent of the total) were received. In Vienna, the OIOS team met with the Executive Director and his senior staff and conducted interviews with most of the Professional staff and management of ODCCP, as well as with representatives of Member States. While in Vienna and upon its return to New York, the team also examined extensive documentation.

5. The comments of management were sought on the draft report and are reflected, as appropriate, in the present final version. OIOS greatly appreciates the cooperation extended to it by the staff at various levels during this review.

II. Programme management

6. ODCCP is an organization that relies almost entirely on voluntary funding for its operations. It is therefore extremely important that it operate within an environment that facilitates efficiency and effectiveness in order to provide reasonable assurance that its resources are managed in the best possible way. To determine whether that is the case, OIOS looked at the programme cycle in the two entities of ODCCP, from planning and organization to the delivery of services, the evaluation of results and the formulation of lessons learned. The focus was on how resources were utilized in addressing the programme objectives.

A. Planning

7. OIOS was not provided with copies of written guidelines on preparing annual work plans, nor was there evidence of an established mechanism for the coordination and approval of the work plans of the ODCCP entities. The large majority of plans remained in limbo without any executive indication as to whether they had been approved or not. For example, at the time of the inspection, the work plan of CICP for 2000 had not been commented on or approved by the

Executive Director. Even when such plans were perceived as having been accepted, they were sometimes subject to sudden changes and reversals, and the rationale for such actions was rarely, if ever, explained. OIOS found that consistency of the planning process was often disrupted by ad hoc and impulsive executive decisions. New and substantial commitments were made without any prior in-house review or coordination with donors.

8. In some instances, the legislative priorities were not translated into a consistent and robust programmatic follow-up. For example, in response to the Political Declaration adopted by the General Assembly at its twentieth special session, in 1998 (resolution S-20/2, annex), which envisaged the elimination of or a significant reduction in the supply and demand for illicit drugs by 2008, UNDCP developed a global programme to monitor the cultivation of illicit crops and a global assessment programme on drug abuse. UNDCP considers that regarding the programme on illicit crops, it has developed in a short period of time the capacity to produce annual data on the extent of cultivation. However, the expert panel established to validate and ensure transparency of the monitoring methodologies proposed by the programme recommended, in June 2000, that a significant effort be undertaken to improve the operational character of the work. At the end of 2000, this programme team was downsized and its chief technical adviser was reassigned to other functions. The global assessment programme on drug abuse was just launched last year. Initial delays in this area of work — identified as a priority area in the Political Declaration — were attributed by UNDCP to a staffing issue.

9. OIOS noted that CICP had identified three priority areas for its work, namely, transnational organized crime, trafficking in human beings and corruption. However, the organizational arrangements to address those priorities did not ensure the optimal use of limited resources. The Centre's programme of work as a whole appeared to be fragmented and to not be coordinated into a comprehensive programme structure. The fragmentation of the programme had been translated into an organizational structure and working arrangements that did not provide an adequate framework for effective implementation. The problem was compounded by ineffective oversight and the absence of quality control. With resources spread thinly and sometimes haphazardly, the ability of the Centre to deliver has suffered.

10. OIOS noted that staff members who were recruited for their specific expertise were assigned line management duties for which they were ill-equipped and that absorbed a lot of their time. This situation gave rise to overlap with and duplication of the work of the staff of the Operations Branch. In fact, more than half the projects launched under the three priority areas in the context of the programme of work for the biennium 2000-2001 remain either totally unfunded or are only partially funded. Despite the limitation of resources, management spread its work even more thinly by outposting new appointees to the regional offices of ODCCP. Overall, OIOS was not able to identify synergies that were realized between UNDCP and CICP activities, either in Vienna or in the field.

11. A number of donor State representatives interviewed by OIOS stated that the Executive Director had presented a number of new initiatives as equally urgent and important. Relevant projects were launched without an adequate assessment of funding availability. Comprehensive and systematic reporting allowing donors to keep track of progress made in implementing previous initiatives was not adequately developed. OIOS is of the view that new demands made on donors have to be reconciled with the need to sustain previous initiatives through a realistic assessment of the availability of funds. (This issue is addressed in greater detail in the triennial review by OIOS of recommendations made by the Committee for Programme and Coordination to UNDCP (E/AC.51/2001/5, para. 34)).

12. Given that voluntary contributions form the resource base of ODCCP, it is important that any large-scale initiatives requiring long-term commitments of resources be made in concert with donors. In this regard, OIOS noted that a Commission on Narcotic Drugs resolution adopted in March 2001 made provisions to further enhance UNDCP consultation with all stakeholders. Experience shows that any unilateral executive initiatives of significant magnitude might result in an erosion of donors' trust and support and could negatively affect the credibility of ODCCP. Three particular instances were brought to the attention of OIOS when such executive commitments were made without adequate risk analysis and resource calculation and without sufficient advance discussion with major donors. Those instances are described below.

Afghanistan

13. On 30 October 1997, the Executive Director announced a new $250 million alternative development programme in Afghanistan.[4] He said that it was a part of his global programme to eliminate the cultivation of opium poppies and coca within 10 years and that the Afghan development project would cost $25 million a year for 10 years, stressing his confidence in being able to convince world governments to fund the programme. The donors' enthusiasm, however, was overestimated. An appraisal by major donors recommended the preparation of a more coherent policy framework for drug control in Afghanistan, the setting of a realistic time frame for planning and implementation and the establishment of mechanisms to ensure that lessons learned on the ground were fed back into policy and strategy planning.

14. Notwithstanding those recommendations, ODCCP commenced the project, albeit at a scaled-down cost of $2 million a year, drawn mostly from general-purpose funds. By the beginning of 2000, funds for the project had all but dried up, and there were no potential donors in sight. Of the four modules of the project, one was terminated, another was halved and a third was seriously downsized.

15. On 17 September 2000, the media reported the statement of the Executive Director that UNDCP had decided to wrap up its anti-poppy cultivation programme in Afghanistan at the end of the year because of a lack of funds. It is worth noting that UNDCP staff in Afghanistan only learned about that decision from the media and did not receive written instructions or communications prior to that announcement.

Pakistan: Dir district development project

16. During his official visit to Pakistan in July 1999, the Executive Director promised to extend the UNDCP-funded crop-substitution project in the Dir district for another 10 years to consolidate the gains made in alternative development. Another promise was made to establish at least 20 treatment and rehabilitation centres at a cost of about $2 million.

17. However, UNDCP did not have sufficient in-house expertise or funding to carry out the 10-year consolidation project without the involvement of other development agencies of the United Nations system. While $500,000 was disbursed from July to December 1999 to support the Executive Director's promise, the future of the programme remains uncertain and will depend largely on evolving political factors. A project document for the establishment of a network of treatment centres has been drafted and is currently in the final approval stage. Project launch is envisaged in mid-2001, and funding has already been secured for UNDCP financial input of $547,000. According to UNDCP, the Government of Pakistan will contribute 17 million rupees ($277,000). Thus the overall scale of the treatment centre project shrank to about $800,000 from the promised $2 million.

Tajikistan: drug control agency

18. A bilateral protocol signed in April 1999 in Vienna established a national drug control agency in Tajikistan. Through a bilateral agreement of November 1999, UNDCP committed to provide $11,481,000 within the next three years, and government inputs were to amount to $800,000. The UNDCP commitment has since been revised downward to $6,100,000. Also, according to UNDCP, only $4.7 million has been secured to date for the project from donors and from the general-purpose fund, leaving an additional $1.4 million to be raised over the coming year. In this connection, OIOS noted from UNDCP records that management had attempted, at the inception of the project, to divert contributions earmarked for other purposes to finance the agency. Only after protests from the donors were the funds withdrawn.

19. Given that general-purpose funds used as "seed money" have to be reimbursed at some point, funding for the drug control agency remains less than sound. This is of concern as UNDCP has created a well-trained, mobile and armed entity (whose staff is salaried at a level considerably higher than the national one) within a rather difficult environment. The implications of this force being left without sufficient wherewithal after the termination of UNDCP support could be serious. OIOS is of the view that a proper strategy, including organizational arrangements and follow-ups, should be designed without delay for the role of UNDCP vis-à-vis this agency.

20. OIOS also shared the concern repeatedly expressed by the Board of Auditors over the reliability of UNDCP financial management information systems. This is further exacerbated by the fact that a number of projects have been approved by UNDCP without adequate analysis of the feasibility of obtaining

contributions. In this regard, OIOS was gratified to note that a revised donor funding policy and a requirement to obtain at least 50 per cent of funding before launching projects had been introduced recently. OIOS will keep implementation of these new provisions under review.

B. Organization

21. According to the Secretary-General's bulletin on the organization of the United Nations Office for Drug Control and Crime Prevention (ST/SGB/1998/17), the Executive Director is responsible for all the activities of the United Nations Office for Drug Control and Crime Prevention, as well as its administration; the functions of the Office of the Executive Director are combined with those of the Office of the Director-General of the United Nations Office at Vienna; the Executive Director of ODCCP is also the Executive Director of the United Nations International Drug Control Programme; and the Centre for International Crime Prevention is headed by a Director, who is accountable to the Executive Director.

22. OIOS found that the organizational structure of UNDCP did not dovetail with actual reporting lines and responsibility centres. Staff were often not familiar with the overall organizational picture. The main divisions and three programmes were headed by officers-in-charge rather than full-fledged managers. Furthermore, it was not uncommon for instructions to be given to working-level staff, circumventing heads of sections. A prominent feature of the de facto organization was that the front office absorbed most of the decision-making responsibilities that should normally have resided with the programme managers.

23. OIOS found that the Centre for International Crime Prevention was also operating under a set of informal working arrangements and post distribution pattern that differed from the organizational structure and post distribution approved for the biennium 2000-2001. The improvised and informal structure clustered a number of posts under three global programmes, which became de facto responsibility centres. The respective responsibility and authority of these new responsibility centres remained unclear. Also unclear were their linkages with the functions of other responsibility centres, particularly the Operations Branch and the Analysis Branch. In the view of OIOS, such clustering is more appropriate for a task force than for an established organization that needs clearly defined responsibilities and lines of authority. OIOS believes that a proper organizational structure is essential for implementing programmes and priorities.

24. A related issue is that of the ODCCP staffing table. OIOS tried to reconcile the responsibilities of the various units, as per the Secretary-General's bulletin, with the staffing table on the one hand and the working arrangements on the other. The attempt was unsuccessful. For example, money-laundering and terrorism-prevention activities were under the direct supervision of the Executive Director rather than under CICP. Because of the confusion arising from the situation described above, OIOS attempted to determine the responsibility centre for staffing table control. That attempt was also unsuccessful. Thus, the rationale for redistributing posts from one area to another remained unclear to OIOS.

C. Programme delivery

25. The overall review of substantive programmatic issues is provided in the report of OIOS on the triennial review of the implementation of the recommendations made by the Committee for Programme and Coordination at its thirty-eighth session on the in-depth evaluation of UNDCP (E/AC.51/2001/4). This report focuses on management factors that have hampered the efficiency of programme implementation.

26. OIOS came across many instances where missions, which were an essential part of programme implementation activities, were cancelled or postponed at the last minute by executive decision. As a result, major partners had to put on hold their participation in joint activities. A number of intergovernmental meetings and missions had been postponed indefinitely, sometimes just a few days before the event. These included events for which the presence of ministers, senior government officials or members of parliament had been requested. UNDCP also discontinued attending international meetings on drug abuse issues central to its mandate, although those meetings are still attended by organizations such as the International Labour Organization, the World Health Organization and regional organizations. Ongoing work at those meetings continues without the perspective of UNDCP being heard, and its interest in those issues and its leadership role are being questioned.

27. At least two United Nations organizations implementing pilot programmes jointly with UNDCP found that, after the successful conclusion of the programmes, UNDCP failed to explore the possibility of expanding the programmes in other countries of the region. A highly publicized collaboration agreement with an international agency required further consultations at the top management level, but it was not followed up. The agency had to proceed on its own with partial and preliminary implementation of the agreement. A unit responsible for implementing a new demand-reduction initiative promoted by the Executive Director did not receive any executive guidance over a two-year period, despite multiple requests. Based on the approved implementation plan, contributions had been made by donors but were not allocated to the unit for a full year.

28. OIOS found that one of the main difficulties with the operational activities of ODCCP was the insufficient capacity to generate reliably funded projects combined with inadequate planning of technical cooperation. Ad hoc commitments for mega-projects often starved projects in other regions of funds. General-purpose funds used to be available for initiating projects, but they have been diminishing. As there was no sufficiently transparent and fair system for using them, donors were hesitant to continue making such contributions. OIOS noted with satisfaction that ODCCP had started, in March 2001, a process of structured consultations with Member States on the future use of general-purpose funds.

29. Another concern with the operational performance of ODCCP was the absence of a consistent and well-structured procedure for project review and approval. While project processing was functioning relatively well in some areas, in others it had degenerated into an excessively drawn-out process, sometimes taking months to get the Executive Director's approval for a project. Every such delay negatively affected the credibility of ODCCP, both with counterparts in recipient countries and with donors.

30. The existing practice also suffered from a lack of objective quality control and priority verification. A viable and effective mechanism for these should be reintroduced. In addition, an impartial and professional appraisal unit should be set up to provide staff support to an appropriate committee. The appraisal unit's terms of reference would stipulate that it does not interfere with substantive issues. Its function would be to ensure that every submission supported work programme priorities and adhered to established policies, guidelines and procedural requirements. The committee would then make recommendations on projects for consideration by the Executive Director. Such a system would remove the problem of pet projects with questionable rationale and uncertain funding, support the consistent quality of project document preparation and ensure the corporate ownership of the entire scope of operational activities. OIOS noted that ODCCP management had taken steps in March 2001 to establish a Programme and Project Committee. OIOS will assess the functioning of the Committee to ensure that it has met the concerns expressed above.

31. The major concern of OIOS with CICP was its capability to deliver its programme in view of its low implementation capacity. As at 31 December 2000, total expenditure, including unliquidated obligations under trust fund projects, did not exceed 58 per cent of the budgeted amounts. Eighty per cent of the total was under the regular budget of CICP and the average was 67 per cent when all accounts were considered, including programme support.

32. The current focus of CICP is on the three global programmes of transnational organized crime, trafficking in human beings and corruption. OIOS found that a relatively large number of projects in those areas remained either unfunded or partially funded under the technical cooperation programme for the biennium 2000-2001. During the same period, projects formulated under the non-priority areas of crime prevention were fully funded. This would suggest that the Centre's capability to generate fundable projects under the latter areas of work are more advanced than under the former. This situation was attributable mainly to the internal organizational arrangements whereby newly appointed staff members with little or no exposure to technical cooperation in international organizations were given primary responsibility for formulating projects as well as negotiating with donors and recipients. ODCCP needs to strengthen the capability of the Centre in the priority areas by drawing on the accumulated knowledge and experience already available.

33. The analytical component of ODCCP programme delivery consists mostly of outputs that are technical publications, such as those by the International Narcotics Control Board on narcotic drugs and psychotropic substances, as well as manuals to set

standards and harmonize analytical methods (such as the revised *Terminology and Information on Drugs*[5]) and training guides (such as the Maritime Drug Law Enforcement Training Guide). The UNDCP database on estimates and long-term trend analysis was used in the preparation of a statistical and analytical publication entitled *Global Illicit Drug Trends*.[6]

34. One of the UNDCP flagship publications — the *World Drug Report* — appeared for the first time in 1997 with the mission of presenting comprehensive and balanced information about the world drug problem. In 1998, work started on the second edition of the report,[7] scheduled for publication in 1999. After three years in the making and several executive reorientations, the 2000 edition of the report was finally released in early 2001. The substantive flaws in the thrust and coverage of that report are reviewed in the report of OIOS on the triennial review of the implementation of the recommendations made by the Committee for Programme and Coordination on the in-depth evaluation of UNDCP (E/AC.51/2001/4, paras. 26-28). The report addresses the issues of the organizational set-up.

35. OIOS found that in the preparation of the 2000 edition of the report, standard United Nations system-wide mechanisms to mobilize collective expertise and policy advice were not utilized. For example, no steering committee was convened to oversee the process and the quality of the product, no task forces were assigned to work on specific issues, and there was no transparent in-house peer review. Decisions on the structure, substance and content of the report were taken directly by the Executive Director. The result was, in the view of stakeholders and academic experts consulted by OIOS, a step back, quality-wise, compared with the 1997 edition.

36. OIOS also reviewed the documentation submitted by CICP to the Tenth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, held in Vienna in April 2000. Of the 19 documents submitted, 10 reported mainly on workshops and preparatory meetings conducted at the regional level, and consisted basically of background material. The working papers prepared by the secretariat were descriptive in nature, highlighting the issues involved in the matter under discussion. In the view of OIOS, they served the purpose of sensitizing public opinion about the problems involved in crime prevention. However, they did not reach the qualitative level of providing policy options or preparing concrete proposals for which guidance or endorsement by Member States was needed. For instance, the Vienna Declaration on Crime and Justice: Meeting the Challenges of the Twenty-first Century, (General Assembly resolution 55/59, annex) was general in summing up those challenges and concluded that CICP would need additional resources to enable it to support Member States in their efforts to ratify the Convention and its protocols and to implement their provisions. However, the order of magnitude of the resource requirements or the strategy and priorities envisaged were not spelled out.

D. Waste of resources

37. OIOS came across a number of cases in which poor decision-making resulted in a direct waste of resources. The following are the most notable examples:

(a) The distribution of a publication was ordered to be stopped without any reason or explanation given;

(b) An elaborate longer-term business plan prepared by a section with considerable investment of staff time was never seriously discussed, considered, amended or approved;

(c) In various entities, work plans had to be redrafted numerous times without any executive guidance or feedback;

(d) A consultant was appointed and brought across the world to a field office, only to be told that his contract had been cancelled and that the project would be done with UNDCP resources. However, owing to the shortage of in-house expertise, project implementation was delayed by many months, negatively affecting overall programme performance in the geographical areas concerned;

(e) An abrupt curtailment of travel resulted in a number of joint projects of ODCCP with other important international partners being aborted because ODCCP representatives could not participate;

(f) An international seminar was repeatedly put on hold on the eve of the participant's travel, which raised its costs;

(g) Project proposals were developed by various operational entities (with months of staff time invested), cleared by substantive offices, found to be of good quality and assessed as having good funding prospects, but then were rejected without any explanation.

E. The "Boat Project"

38. OIOS had received several allegations of misconduct and mismanagement concerning a project at UNDCP known informally as the "Boat Project". The initial idea for the project was to have UNDCP sponsor a solo voyage around the world by a sailor on a 90-year old wooden boat in order to raise awareness of UNDCP activities. Because of the seriousness of the allegations, OIOS conducted a thorough investigation into the matter. A separate report on the investigation has been submitted to the Secretary-General.

F. Monitoring and evaluation

39. Examination and verification of results achieved is essential for effective programme management. However, project monitoring and evaluation in ODCCP were both uneven — being done more consistently in some geographic regions than in others. The evaluation function had been handicapped after the Planning and Evaluation Section and relevant peer review committees were dissolved. At the time of the inspection, the evaluation function was performed by a single staff member. Overall, the evaluation function had deteriorated significantly.

40. Thematic evaluations were few and had not led to much-needed substantive discussions or changes in practice. There was no mechanism to formulate lessons learned and to feed them back into programme formulation and delivery. OIOS noted, however, that since the end of 2000, ODCCP had undertaken to formulate a new concept of thematic evaluation, with emphasis on the learning aspect and with the assistance of outside experts.

41. OIOS found that the monitoring and evaluation activity at ODCCP was very much ad hoc. Its intensity and quality varied from country to country and from region to region, depending on priority and the availability of funds. For the projects evaluated, the reports until recently were not widely available. This has improved with the recent appointment of a senior evaluation officer, who facilitated the posting of summaries of evaluation reports on the Intranet. Another task that is required is the creation and maintenance of institutional memory, including an inventory of lessons learned in different subject areas and countries under a variety of circumstances and situations. ODCCP management has acknowledged the importance of this issue and has committed to addressing it through practical measures.

42. OIOS was not presented with satisfactory evidence that CICP had established a systematic monitoring and evaluation function as a management tool to effectively oversee the programme of work, identify weaknesses in implementation and assess results against established objectives. The ad hoc approach that is in place neither provided management with an informed basis for allocating resources nor ensured feedback on their utilization.

III. The outcome of consolidation

43. The rationale behind the consolidation of the two ODCCP entities was to strengthen the crime programme by elevating its status and establishing a common managerial structure for the Centre and the United Nations International Drug Control Programme under the aegis of ODCCP. As stated previously, the Centre is headed by a Director who is accountable to the Executive Director. There was compelling evidence, however, that the intent behind the reform measures and their very purpose had been misread. Instead of simply being provided with policy guidance and oversight, the Centre was being micromanaged and had been subsumed by rather than having its activities coordinated with UNDCP. As a result, the Centre was losing its distinct identity and its management was being marginalized. In the view of OIOS, the Centre today has much less operational independence to manage its resources and to organize its work than the Division for Crime Prevention and Criminal Justice had in 1997.

44. At the time of the inspection, there was no documented delegation of authority from the Executive Director to the Director of CICP. The latter had little or no authority over the Programme's human and financial resources. Documented evidence showed that the Office of the Executive Director retained the authority to approve the recruitment of all staff,

Professional and General Service, as well. The same applied to the use of the financial appropriations of the Centre. Matters relating to day-to-day management were also subject to the Executive Director's approval. For instance, the internal reassignment of staff to address the priorities agreed upon needed the clearance of the Executive Director. Similarly, operational projects formulated and agreed upon with donors and beneficiaries had to be cleared before proceeding. The holding of seminars and workshops within the context of the work programme also needed clearance. The Director of CICP was not permitted to communicate with governments or outside entities without executive approval. In the opinion of OIOS, the function of the Director of the Centre had been reduced to simply processing work rather than managing a programme.

45. The work of the Centre suffered from the absence of a work plan for CICP as a whole, as well as from delays (ranging from four to eight months) in seeking executive approval for projects that were finalized and for which Governments had pledged funding. The unit and individual work plans were uneven in defining objectives, activities and outputs. In the absence of an overall CICP plan, there was no mechanism to reflect the strategy and linkages within ODCCP. Such a piecemeal approach to programming led to the fragmentation of efforts and resources.

46. OIOS noted with concern the low morale of the Centre's staff, which was in sharp contrast with the situation in 1997. The spirit and motivation that prevailed at that time had faded. Overall, OIOS concluded that the consolidation, in its current shape and form, had had a negative impact on the Centre.

IV. Funding concerns

47. The Executive Director reported in January that the financial situation of UNDCP had continued its upward trend since 1998, when income, which had been declining since 1992, increased by 35 per cent over that of 1997. During the biennium 1998-1999, income had further increased by 37 per cent, to $142 million (E/CN.7/2001/7, para. 6). This trend, however, appears to have tempered currently, as the revised total income for 2000-2001 is estimated at $144.2 million, only 1.6 per cent higher than in the previous biennium, and reflects a reduction of $11.8 million compared to the initial estimate of $156 million (see E/CN.7/2001/9, para. 6 and table 1). The bulk of the reduction against initial estimates falls under general-purpose income, which, at the level of $30.3 million, is $9.9 million lower than the initial estimates and $3.3 million less than the actual level in 1998-1999. The low level of general-purpose income, which currently stands at 21 per cent of total income (about 3 percentage points lower than in the previous biennium), remains a pressing concern. In that regard, OIOS noted the observation of the Advisory Committee on Administrative and Budgetary Questions that the report of the Executive Director did not seem to suggest effective proposals that could address the continued low level of general-purpose income, and that one means of addressing the imbalance would be the introduction of greater precision in the formulation of the core programme (E/CN.7/2001/10 and Corr., para. 5).

48. The overall balance of the Fund of UNDCP currently stands at around $58 million and is expected to go down to $53.6 million by the end of the year. As the expenditure of general-purpose funds was much higher than the new contributions, the general-purpose fund balance declined from $28.5 million in 1998 to $20.9 million in 1999 and was expected to fall to $3.8 million by 2003 (see E/CN.7/2001/8, table 3). This is a matter of concern, as these unearmarked funds are used to support core staff as well as to have flexibility in conducting research and initiating the activities needed to support operational projects. This flexibility is threatened, as at the end of 1999, 89 per cent of the general-purpose fund balance was committed to ongoing activities, with the balance of 11 per cent also being fully programmed in 2000-2001 (see E/CN.7/2001/9, para. 31). ODCCP needs to examine the implications of this limitation on its programme of work and to take expeditious and effective remedial measures. ODCCP informed OIOS that as regards the position and management of the general-purpose funds, proposed guidelines aimed at providing a sound basis for the use of general-purpose funds and improving the accountability and transparency in their use were submitted in March to the Commission on Narcotic Drugs at its forty-fourth session, which welcomed the guidelines. OIOS will keep this matter under review.

49. UNDCP stated that it had increased the average size of its projects and reduced their number from 260 in 2000 to 150 in 2001. All those projects were grouped into 25 national, regional and global programmes with clearly identified subprogrammes

along four thematic areas (ibid., para. 16). UNDCP indicated that it had finalized a revised funding policy intended to avoid the risk of initiating projects that might be discontinued because of lack of funding. The new policy foresees the circulation of project outlines to donors before a decision is made on the full development of projects. Since past attempts to establish such procedures within the programme and between the programme and donors were not sustained, management needs to ensure the faithful implementation of this policy.

V. Technical cooperation issues

50. In the area of technical cooperation, the focus of OIOS was on the effectiveness and efficiency of modalities for project execution, especially in the light of recent measures to promote self-execution as a cost-saving device.

Relations with the United Nations Development Programme

51. For government- or self-executed projects in the field, UNDCP relies entirely on the United Nations Development Programme (UNDP) for all administrative and financial support. The 1997 working agreement with UNDP was an update of the initial agreement of 1993. After the 1997 agreement came into force, UNDCP began decentralizing activities to the field to strengthen operations. At the same time, UNDP began to downsize its field operations even as its mandates increased. Cost recovery became the priority of every UNDP field office as they struggled to continue to deliver their own programmes, as well as to administer all other operations under agreements with United Nations entities. UNDP issued guidelines in November 1999 on cost recovery, but they have not been fully accepted by the other United Nations entities. The ongoing dispute with UNDP on charges is hampering the efficiency of the work of the UNDCP field offices. ODDCP management needs urgently to conclude the agreement with UNDP.

Execution modalities

52. UNDCP practices a variety of execution modalities, depending on the type of project, the location and other considerations. Recently, as donor funding for new projects has become more restrictive, UNDCP has placed emphasis on self-execution in order to garner a larger share of project support costs. OIOS believes that self-execution should be considered only when sufficient internal capacity exists or it is cost-effective to develop such a capacity. In the case of ODCCP, the cost of building up a self-implementation capacity would include additional staff and financial and administrative outlays, including legal advice, contract administration, management of financial risks, insurance payments and the like. Every project should, therefore, be judged individually and objectively to determine the correct execution modality. Relevant guidelines should elaborate on considerations that should be factored into such decisions.

VI. Overall management

A. Management style

53. Secretary-General's bulletin ST/SGB/1997/5 identified nine functions of heads of departments. Among these is "carrying out management activities or making managerial decisions to ensure the effective, efficient and economic operation of the programme concerned, including appropriate arrangements for programme performance monitoring and for evaluation". In the course of the inspection, the style and conditions of management and their impact on staff morale and productivity emerged as the major concern in ODCCP from managers, staff and Member States.

54. On 1 April 1998, ODCCP promulgated a set of 10 management instructions to make the office less bureaucratic, more flexible and proactive. The content was promising. However, in the next three years, a number of the written instructions were superseded by executive decisions. OIOS observed that the attempt to streamline responsibilities and procedures did not improve the situation and in some cases made it worse. The delegation of authority to senior managers was rarely respected and observed; actions formally approved could be revised at the last moment; and consultative input into executive decision-making was brought to a minimum. Administrative actions initiated to implement approved programmes — such as travel, organization of meetings and the hiring of experts — could be questioned and stopped at any moment by the Executive Director or his office.

55. Although it was reported at the end of December 2000 that the Executive Director had delegated

programme managerial responsibilities to ODCCP programme managers and that they would be held accountable for the implementation of programme activities and the efficient use of human and financial resources, at the time of the inspection OIOS found no documentary evidence specifying the parameters of such delegation and the mechanism of accountability. Instead, the lines of authority and responsibility were not clear. It was common for junior staff to receive assignments from senior management without their direct supervisors being informed.

56. OIOS concluded that the concentration of decision-making and authority in the Executive Director and his expanded front office (staffed on an ad hoc basis by staff from different substantive sections), which acted as a proxy for him in most instances, led to a highly centralized management of the Organization from the policy level to minute details. The management style was not transparent, and in many cases the rationale for executive decisions was not clear to line managers.

57. Growing concerns and discontent led to the conduct of a management workshop during January 2000 with the theme of "creating a spirit of collegiality". The workshop arrived at a number of very positive and appropriate conclusions, but only one of the 10 changes envisaged had materialized a year later.

B. Human resources management and staff-management relations

58. By early 1999, top management's view of the health of ODCCP and that of the staff at large became widely divergent. This was reflected in a Staff Council circular of December 1999 that stressed that staff concerns were of a recurring and widespread nature and that they amounted to a general climate of fear and intimidation affecting the productivity of staff. It was also felt there was a lack of transparency in decision-making and in the application of the Staff Rules. OIOS observed that the majority of ODCCP staff were well-qualified, hard-working and committed to the objectives of ODCCP, but that their productivity was hampered by prevailing management conditions. The staff morale in ODCCP was described as being low to very low. Many staff members appeared disillusioned and sceptical that positive change was possible.

59. For an organization with a considerable field presence, a fair and transparent system of staff rotation between Vienna and the field is important. Such a system, albeit not a perfect one, was set out in an information circular of March 1997. However, OIOS found no system or policy in place for rotation between Vienna and field posts. Rather, a practice of rotating staff on a case-by-case basis had evolved. The lack of transparency gave rise to suspicions of preferential treatment of those staff who were placed in "favoured" duty stations, and that staff who were assigned to hardship areas were being sanctioned.

60. In a number of cases, the rationale for placements and promotions and the related procedures in recent years were not transparent and were widely questioned by the staff. A particular case was drawn to the attention of OIOS of a junior Professional who was recruited despite the absence of an academic or practical background in the substantive areas covered by ODCCP, and whose familiarization and training tour appeared excessive in terms of scope and entitlements. OIOS was further informed that while there was a stated universal policy for the extension of contracts, it appeared to be applied inconsistently.

61. OIOS was gratified to learn of the recent attempts by the Human Resources Management Section of the United Nations Office at Vienna to instil some degree of discipline in all programme managers regarding the selection and interview process, in particular through guidelines issued in January 2001. This is one of the first and most important steps in addressing the problems, and OIOS encourages the Human Resources Management Section to do this work in close cooperation with ODCCP top management and the Staff Committee.

C. Recent developments

62. OIOS took note of the self-critical and forthcoming reaction of the Executive Director to the preliminary findings of this inspection as presented to him during the exit interview. He expressed his commitment to undertake a thorough and resolute overhaul in his style and system of management. OIOS regards these assurances very seriously.

63. OIOS noted that at the time of the inspection, several reorganizational measures were taken. An ODCCP Senior Management Group was established. A

deputy to the Executive Director was designated on 9 February, with full authority to assume the latter's duties and responsibilities in his absence; the deputy's responsibilities were spelled out on 16 March. On 16 February, three working groups were established to review the organizational functions and structure, delegation of authority and communications. By 28 February, those groups had submitted their reports, which were commented upon by middle managers. The ODCCP Programme and Project Committee was established on 15 March. The review of human resources management practices and procedures, with a view to clarifying delegated authority, responsibility and accountability, was launched on 23 February. Organizational changes reducing the number of entities reporting directly to the Executive Director were also made.

64. All those measures are steps in the right direction. It remains to be seen, however, whether those changes will be implemented and prove to be sustainable. OIOS will watch the situation closely and will review the results during the course of 2001.

VII. Conclusions

65. OIOS believes that the major strengths of UNDCP and CICP are their clear mandates, their high priority on the intergovernmental policy agenda and their broad range of expertise in the mandated areas. Their main assets are committed, resourceful and talented staff, a strong field presence and the combination of normative, analytical and technical cooperation functions under one roof. ODCCP has the unique advantage of serving as a catalyst and coordinator in bringing together disparate views and positions to act in concert against common global threats of drugs and crime. It is able to work multilaterally in very sensitive fields and to mobilize resources and support for activities that bilateral donors would not or could not undertake. In several areas, the Office has set best practices and worldwide norms and standards.

66. OIOS found that the major weaknesses of ODCCP stem from over-centralized and heavily personalized decision-making and the absence of institutional mechanisms to ensure that programmes are properly conceived and efficiently executed and that results are assessed. This gave rise to inadequate planning, an insufficiently focused fund-raising strategy lacking a long-term perspective, lack of transparency in decision-making and a breakdown in communication between staff and management. The overall team spirit was weak, and corporate mechanisms of consultation, advice and assessment were either fragmented or absent altogether. External confidence in the management of ODCCP resources was low.

67. OIOS noted that the thrust of the corrective measures currently under way in ODCCP was in line with the recommendations of the present report. The effectiveness of those measures will be known only when their tangible results become verifiable. OIOS believes that any corrective measures can be successful under one key condition — the competence, professionalism and integrity of top management, which is transparent and collegial and enjoys the trust of the staff.

VIII. Recommendations

68. Management should develop comprehensive annual plans for both UNDCP and CICP. Based on those plans, areas of joint work should be identified and pursued (paras. 7-10) (SP-01-001-01).

69. ODCCP should not undertake any large-scale, long-term commitments without appropriate conceptual studies, feasibility research and reasonable assurances of donor support. Furthermore, such projects should be prepared in collaboration with implementing partner organizations (paras. 11-20) (SP-01-001-02).

70. A comprehensive evaluation of the Tajikistan Drug Control Agency's operational efficiency and effectiveness should be conducted immediately and then repeated annually. ODCCP should consider the possibility of assigning a group of international instructors to observe its work and to provide necessary training on-site. ODCCP should work out jointly with the Government of Tajikistan and donors a plan for the longer-term financial sustainability of the Agency (paras. 18-19) (SP-01-001-03).

71. ODCCP should put in place an organizational structure that provides an adequate framework for its activities and reduces the lines of authority

reporting directly to the top. The organization chart should be documented and should delineate clearly the functions and responsibilities of each responsibility centre, namely, by branch, section and unit, and should ensure that those functions are mutually supportive. The structure should correspond to the authorized staffing table (paras. 21-24) (SP-01-001-04).

72. ODCCP should expeditiously re-establish the corporate review mechanisms for projects and programmes drawing on proven system-wide best practices. Such mechanisms should be provided with sufficient staff support to ensure their continuity and effectiveness (paras. 29-30) (SP-01-001-05).

73. A determined effort should be made to enhance the skills of those engaged in technical cooperation activities at CICP through training in project formulation, implementation and appraisal. The CICP Operations Branch should develop a strategy for technical cooperation and ensure that the activities and projects developed are in line with this strategy. The Branch should be involved in all stages of project development and should oversee the preparation and finalization of project documents, monitor implementation and assess the results achieved (paras. 31-32) (SP-01-001-06).

74. Quality control for research conducted and documents produced should be established through peer review and steering committees. The research capacity of ODCCP should be enhanced by engaging external experts for analytical work, including conceptual, methodological and strategic thinking (paras. 33-36) (SP-01-001-07).

75. Immediate measures should be taken to strengthen financial oversight at ODCCP. They should include providing programme managers with clear guidelines on budgetary, financial and personnel matters. The authorities and responsibilities delegated to them should not be infringed upon. Programme managers should be held fully accountable for exercising them properly (para. 37) (SP-01-001-08).

76. Adequate programme oversight in ODCCP should be established without delay. Monitoring and evaluation of programmes and projects should be strengthened through effective peer reviews and involvement of donors and recipient countries. Each manager should be kept abreast of all aspects of programme evolution, problems encountered, costs involved and results achieved. The system should provide regular feedback to top management and donors (paras. 39-42) (SP-01-001-09).

77. The Executive Director should, as a matter of urgency, delegate authority empowering the Director of CICP to control and certify all the resources appropriated to the crime programme (paras. 43-46) (SP-01-001-10).

78. UNDCP should analyse the decline of the general-purpose fund margin available for future activities and make efforts to establish it at a level that would preclude a financial crisis in case unfavourable circumstances arise (paras. 47-49) (SP-01-001-11).

79. Management should give priority to concluding the UNDCP-UNDP working arrangement containing a new, comprehensive and transparent system of cost recovery by UNDP (para. 51) (SP-01-001-12).

80. ODCCP should establish guidelines on the modalities of project execution that would allow it to assess objectively and realistically the comparative advantages of various options and decide whether and when self-execution is cost-effective (para. 52) (SP-01-001-13).

81. ODCCP should ensure that its human resources management practices conform to United Nations regulations and rules for fairness, transparency and objectivity. It should include a proper staff rotation system (paras. 58-61) (SP-01-001-14).

82. In its comments on the draft of the present report, ODCCP indicated its acceptance of all the recommendations and provided OIOS with a detailed description of measures either adopted or envisaged to be adopted to implement the recommendations. OIOS appreciates this expeditious and positive reaction to its recommendations and will keep the viability and impact of those measures under review.

(*Signed*) Dileep **Nair**
Under-Secretary-General
for Internal Oversight Services

Notes

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 51* (A/53/5/Add.9).

[2] Ibid., *Fifty-fifth Session, Supplement No. 51* (A/55/5/Add.9).

[3] Ibid., *Fifty-fourth Session, Supplement No. 6* (A/54/6/Rev.1), vol. II, pp. 483-490 and 531-539.

[4] *New York Times*, 14 November 1997, "Top UN Drug Aide Hopes to Rid Globe of Poppy and Coca Crops".

[5] United Nations publication, Sales No. E.99.XI.7.

[6] Ibid., Sales No. E.00.XI.10.

[7] Ibid., Sales No. E.GV.00.0.10.